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ICE HQ FOR STRATEGIC INVESTIGATIONS  
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: BEXP ETRD ETTC IN

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: ARJUN TECHNOLOGIES INDIA LIMITED, CHENNAI, INDIA

REF: USDOC 02448

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. On November 4, 2008, Export Control Officer (ECO) Paul Cushman and FSN Shailendra Srivastava conducted a Post-Shipment Verification (PSV) at Arjun Technologies India Limited (ATIL) in Chennai.

¶3. BIS requested a PSV at ATIL, located at Thandalam Group, Irungattukottai, Sriperumpudur in Chennai. ATIL was listed as the ultimate consignee and SMD Pumps and Engineering India Limited (SMDP) as the intermediate consignee for three magnetic drive centrifugal pumps (model KC22V) manufactured by Finish Thompson Inc (FTI) of Erie, Pennsylvania. Export License: D361586. ECCN: 2B350.

¶4. ECO and FSN Srivastava met with Mr. S. Soundararajan, General Manager - Projects & Engineering and Mr. M.S. Muralikrishnan, Deputy General Manager - Manufacturing, in the ATIL conference room.

¶5. ATIL representatives were familiar with BIS regulations. However, this was the first visit by BIS officials to their facility. Soundararajan clarified that ATIL did not actually take delivery of the pumps in question. He explained that ATIL issued a purchase order to SMDP for the pumps in June 2006 but later cancelled the order when it was discovered that three identical pumps purchased from SMDP in November 2005 did not perform as expected. He provided copies of various documents supporting this sequence of events.

¶6. Soundararajan went on to explain that SMDP originally procured the pumps from FTI for Andhra Pradesh Paper Mills Limited (APPM), a paper manufacturer based in Hyderabad. They were to be used for transferring sulfuric acid from storage tanks to a chemical plant where it would be converted into chlorine dioxide, a bleaching agent. APPM returned the pumps to SMDP when they encountered leakage problems. SMDP later resold the pumps to ATIL.

¶7. After the meeting, the BIS team was given a tour of the ATIL facility where the ECO recorded the pumps' model number as KC22VCVN06010 and their serial numbers as 49711G05, 49712G05 and 49713G05. The pumps are stored in a locking conex box. Soundararajan stated that ATIL engineers are currently attempting to find an alternate use for the pumps.

¶8. ATIL, headquartered in Chennai, is a project engineering firm which services the paper manufacturing and recycling industries. ATIL employs approximately 120 personnel. A roving private security force is on duty at the facility 24/365.

¶9. Recommendation: At the time of this visit, Arjun Technologies

India Limited appeared to be a suitable recipient of controlled technology. The items on check could not be physically verified because the order was cancelled. However, ATIL officials volunteered the fact that they were in possession of three identical pumps obtained previously without a license and they permitted inspection of those pumps.

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